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OMAHA NEBRASKA

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December 28, 1960

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Vice President
Government Employees Health
Association
P. O. Box 463
Washington 4, D. C.

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This will confirm our telephone conversation concerning the allocation of flat rate charges by hospitals and major medical reimbursement of medical services in psychiatric cases.

In view of the many types of flat rate charges, plus the additional complications of varying types of confinement, we feel that each case should be evaluated on its own merits rather than to impose a fixed formula to be applied to all cases. However, as a guide for use in evaluating these cases, we submit the attached allocation to room and board and hospital miscellaneous areas.

It was agreed that in the case of treatment involving nervous or mental disorders, where the physician's charge is \$5 or less, the 50-call limit would not be applied. However, no more than 100 calls during a calendar year would be permitted and the 50% reduction will be applicable, regardless of the amount charged.

Sincerely,

G. D. Edson
Claim Manager
Group Div.

CDS:FNI
Enc.

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ALLOCATION OF FLAT RATE HOSPITAL CHARGES

LENGTH OF STAY	% DISTRIBUTION	
	ROOM & BOARD	HOSPITAL MISCELLANEOUS
1 to 3 days (Surgical)	25	75
(Non-surgical)	40	60
3 to 5 days (Surgical)	40	60
(Non-surgical)	60	40
5 to 15 days (Surgical)	50	50
(Non-surgical)	65	35
15 to 30 days (Major surgery)	70	30
(Non-surg. or minor surg.)	75	25
30 or more days (Surgical or non-surgical)	80	20

The above formula may be used as a guide in allocating flat rate hospital charges to room & board and miscellaneous coverages. It will be necessary to make adjustments where the hospital deviates from a level rate or makes additional charges, such as operating room and anesthesia. In such cases it may be equitable to divide the sum of all charges by the length of stay in order to arrive at a level rate which can be distributed according to the formula. The distribution is offered only as a guide. Because of many types of confinement, types of hospitals and methods of making flat rate charges it is necessary to judge each case on its own merits.